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ESTABLISHED 1887

Another State Hands Bush a Big Setback Even Unopposed in South Dakota, He Loses a Third of Voters

SIoux FALLS, South Dakota — President George Bush, for the second week in a row, has been buffeted by the electorate's strong feelings of dissatisfaction.

Running unopposed on the Republican ballot in the South Dakota primary, Mr. Bush was abandoned by nearly one-third of his party's voters.

hoped for a stronger finish, was third, with 19 percent, far behind Mr. Kerrey but well ahead of Paul E. Tsongas, the former Massachusetts senator, who had 10 percent, and the former California governor, Edmund G. (Jerry) Brown Jr., who had 4 percent.

Mr. Bush's Republican challenger on the right, Patrick J. Buchanan, won 37 percent in the New Hampshire primary on Feb. 18, while the president got 53 percent.

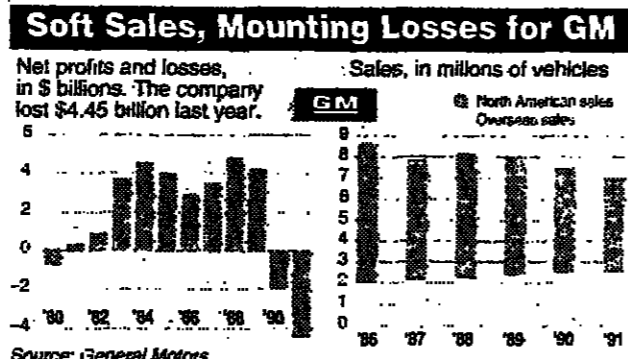
Mr. Kerrey, who lost part of a leg in Vietnam and won the Medal of Honor, made it clear that he meant to use his war record to challenge Mr. Clinton in the South.

Portraying Mr. Clinton as unelectable, Mr. Kerrey told a Spelman College audience in Georgia, whose primary is Tuesday, and declared, "I answered the call in Vietnam."

Troubled GM Looks to European Model

By Frank Swoboda and Warren Brown Washington Post Service

WASHINGTON — In the North American auto market last year, General Motors Corp. lost \$1 million an hour, 24 hours a day, seven days a week for 52 weeks.



shape the company's North American operations in the image of the company's European subsidiary, which earned \$2.1 billion last year.

other GM operations at home and abroad masked the staggering losses from the company's car and truck operations in North America.

GM's European subsidiary is an organizational structure set up by Mr. Stempel when he was in Europe in the 1980s, before he became chairman.



WAR AND REMEMBRANCE — Women in Kuwait waving flags as U.S. Air Force planes marked the first anniversary of the country's liberation from Iraqi occupation.

Irish Court Sides With 14-Year-Old On Abortion

Girl Alleging Rape Can End Pregnancy, Denial Had Set Off an Uproar

By James F. Clarity New York Times Service

DUBLIN — Overturning the controversial decision of a lower court, the Supreme Court ruled Wednesday that it was legal for a 14-year-old girl to travel to Britain for an abortion she says she needs because she was raped in December by the father of one of her friends.

Critics called the law and the order not to have the abortion barbaric. Anti-abortion proponents insisted that Article 8 of the constitution, approved by 69 percent of the voters in a 1983 referendum, was morally correct.

"I am delighted," said Prime Minister Albert Reynolds, in London. "The family is now free," he said, but he declined to speculate on what action the government might still have to take.

A Congress Plan to Avoid a Final U.S.-Israeli Showdown on Loans

By John M. Goshko Washington Post Service

WASHINGTON — In an attempt to keep alive the possibility of U.S. loan guarantees for Israel, Secretary of State James A. Baker 3d and congressional leaders are considering a plan that would let Mr. Baker decide whether Israel's future settlements activity entitles it to the U.S. aid, according to sources familiar with the discussions.

hope that the dispute can be resolved and the guarantees extended to Israel several weeks or months down the line.

Under the Leahy plan, Israel would be allowed to complete any housing that was under construction in the territories on Jan. 1, 1992, but the dollar-for-dollar costs would be deducted from the loan guarantees.

Western diplomats said the U.S. and British governments would want to see how deep-rooted the reforms have become before committing themselves to rejoining.

While there seemed to be more public sentiment in favor of letting the girl travel than against, Israel was by no means unanimous. Callers to radio talk shows suggested that she might have seduced the man, and anti-abortion groups contended that the case was a set up by pro-abortionists.

Albanians Storm Food Warehouses

TIRANA, Albania (AP) — Thousands of young people stormed food warehouses and battled the police in two towns, leaving at least three dead, Radio Tirana and government officials reported Wednesday.



PALESTINIANS REJECT DEAL — An Israeli negotiator, Elyakim Rubinstein, discussing proposals to give Palestinians more control over daily life. They assailed the offer. Page 4.

Panel Finds Progress by Unesco But Warns Against Backslide

By Barry James International Herald Tribune

PARIS — The United Nations Educational, Scientific and Cultural Organization has made extensive progress in reforming its administration and management, according to a report made public Wednesday.

Western diplomats said the U.S. and British governments would want to see how deep-rooted the reforms have become before committing themselves to rejoining.

General News

China denounced a Senate bill that attached conditions to Beijing's trade status. Page 5.

Down Close The Dollar in New York DM 1.6458 Pound 1.754 Yen 129.17 FF 5.5955

San Marino Joins the World, and Wonders Why

By Alan Cowell New York Times Service

SAN MARINO — It has taken some time for the winds of change to sweep from the Caucasus and the Carpathians to this rocky redoubt that forms a graceful mole on Italy's thigh.

resident population of 24,000 and surrounded by Italy, meet the criteria of statehood? Here, along cobbled streets, in a place of stone stairways and crenelated battlements, the answer among government officials is a resounding yes.

The republic was not always so at ease with outsiders. "Up until 30 years ago," Mr. Gatti said, "San Marino conducted a very closed policy. But since then, it's been very open."

Gorbachevs Stretch the Ruble

By Reuters

LONDON — The former Soviet president, Mikhail S. Gorbachev, complained in an interview broadcast Wednesday that he had been finding it hard to make ends meet on a state pension since his abrupt removal from power.

Of all the trappings of power, only the black Zil limousine and 10 bodyguards paid for by the Russian government have been retained.

Crossword Weather Page 8 Page 2

See STALELY, Page 4

See UNESCO, Page 4

See GORBACHEV, Page 4

D BRIEFS

strike UN Helicopter
Khmer Rouge guerrillas opened fire on Wednesday, wounding Australian soldiers...

Yugoslav Peace Talks

Community mediator, Lord Carrington, is to start a peace conference on Yugoslavia...

Expected in April

President of Haiti, Jean-Bertrand Aristide, is expected to return to power...

Aid on Depot Costs

US State has asked its NATO allies to share the cost of military installations in Europe...

Timor Off-Limits

An Australian warship will not visit Timor until after the end of the year...

Bush and Buchanan Slug It Out as They Hit Georgia

By Robin Toner
ATLANTA — The Republican primary battle between President George Bush and Patrick J. Buchanan has rolled into Georgia with an angry tone...

Jerry Woodruff, director of communications for the Buchanan campaign, said in response to the new commercial...

The Bush forces are positive and features the president. The advertisement talks about the agenda to strengthen our economy...

What's New in Primaries: Maryland Takes the Stage

By Richard Tapscott
ANNAPOLIS, Maryland — Former Senator Paul E. Tsongas of Massachusetts won the endorsement of Governor William Donald Schaefer on Tuesday...

But for Democrats, Maryland has become the scene of an unaccommodated general contest. Although battered by the recession...

Schools Liable For Damages in Sex Harassment

WASHINGTON — Students who are sexually harassed may sue their schools and school officials for monetary damages...



Mr. Bush and Bob Hope greeting each other at a fund-raising dinner in Los Angeles. Mr. Bush thanked the actor for his support of U.S. troops during the Gulf War.

Reagan Pulls A Curtain on Bush Photo Op

By John E. Yang
LOS ANGELES — President George Bush, under fire from his party's right, had hoped for a symbolic, telegenic embrace from former President Ronald Reagan...

Without a regional candidate or favorite son in sight, Maryland has taken on increased importance in the Democratic presidential contest this year...

'It shapes up as a test for each candidate's appeal outside his own home region.'
Jamin B. Raskin

INTERNATIONAL RECRUITMENT

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INTERNAL SALES COORDINATOR
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PRODUCT MANAGER EUROPE
Lifescan, a Johnson & Johnson company, is the technology leader in blood glucose testing products for people with diabetes.

CAPFOR
EDUCATIONAL POSITIONS AVAILABLE
LEADING LANGUAGE SCHOOL in Paris seeks SCHOOL PLANNER...

EXECUTIVES AVAILABLE
ANPE
L'Agence Nationale Pour l'Emploi
AGENCE SPÉCIALISÉE DES INGÉNIEURS ET CADRES

EXECUTIVES AVAILABLE
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GUYANCA, early 40's, Master in Science, English, Spanish written & spoken...

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Palestinians Scoff At Israel's Plan for Limited Self-Rule

The Associated Press

WASHINGTON — Israel is offering Palestinian Arabs control of their internal security, agriculture, education and a wide range of other day-to-day activities on the West Bank and in Gaza, diplomatic sources disclosed Wednesday.

But a Palestinian spokeswoman, Hanaan Ashrawi, angrily charged that the aim was to consolidate Israel's occupation of the disputed territories.

"We start with the assumption that we are human beings with rights, national rights and rights on the ground," she said, after a meeting with Assistant Secretary of State Edward P. Djerejian. "They start with the assumption that we are inhabitants of the territories with no rights whatsoever," she said.

The 10-page document Israel turned over to Palestinian negotiators Monday and denounced by their spokeswomen would maintain Jewish settlements in the disputed territories.

"There is no offer in it for a redeployment of Israeli troops, observers said, but Israeli officials said that could be considered later.

The Israeli proposals were in response to a Palestinian plan that Israeli officials described as a thinly-veiled demand for statehood. Under it, Palestinians on the West Bank and Gaza would take on legislative, judicial and executive powers.

As the negotiations in the fourth round of peace talks resumed at the State Department, differences over the Palestinians' future were deep. While no one was threatening a walkout, the pace was extremely slow.

Eager to prove they mean busi-

ness, observers said, Israeli negotiators handed the Palestinians "rather elaborate ideas" for limited self-rule. The chief Israeli negotiator, Elyakim Rubinstein, said, "We hope the Palestinians will be seriously considering them."

But Mrs. Ashrawi ridiculed the document, which Israeli sources said listed specific functions Palestinians would take over.

She said the proposals were preposterous, designed to perpetuate Israeli settlements in the West Bank and Gaza and to foster apartheid, or racial separation.

While Mr. Rubinstein provided no details, other sources said Israel proposed having Palestinians control their own justice, agriculture, education, taxation, tourism, social security and labor offices. They would set wages, social security benefits and otherwise "totally run" these departments, the sources told *The Associated Press*.

Limited self-rule for the 1.7 million Palestinians is one of the main goals of the peace talks, which began in Madrid in October.

Israel calls its proposals Interim Self-Government Arrangements. The Palestinian plan is called Palestinian Self-Government Authority. According to Israeli officials, the Arabic translation for "authority" is government.

The Bush administration and Israel have both ruled out a Palestinian state as an option in the current negotiations.

Even selecting the site for the next round of talks is a problem.

Mr. Rubinstein said only his government had responded to a U.S. request for suggested locations.

"It's a pity time has to be wasted on such things," he said.



IN RIO, CARNIVAL AND FEAR OF CRIME — Military policemen arresting a child in Rio de Janeiro as the city prepared for Carnival. More than 10,000 people demonstrated against crime Wednesday. Hotelkeepers and travel agents are concerned about a 45 percent drop in tourism.

STATELY: Tiny San Marino Will Get Its Seat at UN

(Continued from page 1)

when Italy's fascists installed a puppet government that lasted until 1943. San Marino claimed neutrality in the war.

In the latter stages of the war, 100,000 Italians took refuge here, living in railroad tunnels. Despite its neutral status, Allied planes bombed the republic in 1944, killing 60 people, and German troops crossed the territory before the war ended in 1945.

San Marino's ability to survive as an independent state, Mr. Gatti said, "is a mystery for San Marino, too."

"San Marino is very small, on a mountain," he said. "It was not an easy place to conquer, but it had no strategic value."

These days, some here say, the value is of a different kind. While around one-third of its citizens — some 11,000 in addition to the 24,000 living here — are outside the

country, predominantly in Italy, New York and Detroit, those who have remained seem to prosper.

"San Marino was once a very poor country," Mr. Gatti said, "now it's much richer."

For some outsiders, the state, with its capital of 4,000 people, seems no more than an adjunct of Italy and, privately, some here acknowledge that the authorities would not depart too abruptly from Italian policies and practices.

Stasi Chief Calls Trial 'Fraud'

Compiled by Our Staff From Dispatches

BERLIN — The former East German security police chief, Erich Mielke, denounced his trial for two 1931 murders as "lies and fraud" on Wednesday and demanded his freedom.

The Berlin court rejected defense motions for the trial to be canceled on health grounds, saying that Mr. Mielke, 64, was using an exercise bicycle in jail and had once crawled under his bed "like a weasel" to retrieve something.

The court also rejected arguments that Mr. Mielke was senile and too depressed to attend the trial, and that the charges, dating from 1934, had exceeded a 20-year statute of limitations.

Judge Theodor Seidel ruled that the charges were still valid, since the Soviet occupation forces in Ber-

lin had expropriated the dossier in 1947, thus preventing examination of the case and causing the statute of limitations to be suspended.

He said that informal investigations made while Mr. Mielke was awaiting trial in prison showed that he was psychologically capable of attending the trial.

Once, when an object fell under his bed, "Mielke slipped like a weasel under the bed" to pick it up, the judge said.

Mr. Mielke, who was seated behind bulletproof glass, shouted, "Leave me alone! It's all lies and fraud!" after prosecutors read out the charges. "I demand my release and the suspension of this trial! I am innocent. I didn't do anything."

He is accused of shooting and killing two Berlin policemen in 1931 during Germany's chaotic

Weimar Republic when he was a young Communist militant. He commanded East Germany's Stasi apparatus from 1957 to the uprising of 1989, which brought about German reunification a year later.

Mr. Mielke is to be tried separately for offenses perpetrated in East Germany, including human rights abuses, vote rigging and embezzlement.

Honecker Not Seriously Ill

Medical examinations of the former East German leader, Erich Honecker, 79, found no serious illnesses, despite reports that he was having terminal cancer. Russian medical sources cited by the Interfax news agency said Wednesday.

Interfax said the tests revealed "no serious disease of the stomach, liver or other internal organs."

UNESCO: Panel Finds Progress

(Continued from page 1)

anti-free-market rhetoric had ceased to be a problem and that they recognized that Unesco was trying hard to create a more independent, professional and dynamic management.

But, as the report said, "it took many years for the organization to fully develop the set of problems it had in 1989 and it will take some years to rectify them."

Peter Wilenski, the Australian representative to the United Nations and chairman of the panel, said there was no longer any objective reason for the United States, Britain and Singapore to remain on the outside.

"The period in which their non-membership promoted reforms is over," he said. "Being in the organization would be a more effective way of promoting future reforms."

C.L. Sharma, the former head of Air India, who was brought in to carry out the management changes,

French Socialists Plunge in Polls

(Continued from page 1)

said a key measure was the implementation of a new performance appraisal system.

Under the old system, about 90 percent of Unesco employees were placed in the top classification of "outstanding," giving them job security under UN rules.

Mr. Mayor said the old system had become meaningless, "because when everyone is excellent, nobody is excellent."

Now, of 783 staffers monitored, 10.4 percent were placed in the "outstanding" category. But only 1.7 percent were placed in the lowest group as merely "satisfactory" or "unsatisfactory."

Mr. Mayor said he and his senior collaborators had been listed as "very good."

One of Unesco's problems, diplomats said, is that member governments have often promoted national interests into sinecures at the organization. Mr. Mayor has worked around this by bringing in outside consultants.

PARIS — Support for France's ruling Socialist Party has plummeted following the admission of the Palestinian leader Georges Habbash for hospital treatment, according to an opinion poll published Wednesday.

Only 17.5 percent of those polled said they would vote for the Socialists in parliamentary elections, compared with 22 percent of those questioned last month before the scandal broke.

The poll, due to appear in *Paris Match* magazine on Thursday, showed that the two main ecology parties taken together were almost as strong as the Socialists, with 17 percent. The mainstream conservative parties, the Rally for the Republic and the Union for French Democracy, scored 28 percent and 12 percent, while the extreme-right National Front was up 2.5 percent, from 15.5 percent in January.

Drug War Allies Vow a New Attack

Compiled by Our Staff From Dispatches

SAN ANTONIO, Texas — President George Bush joined Latin leaders here Wednesday for their second meeting in two years on the hemisphere's drug crisis, and they promised to redouble their efforts to choke off both narcotics supplies and the big U.S. demand for drugs.

"We're going to get maximum cooperation," Mr. Bush said as he met with President Alberto Fujimori of Peru.

But even as the leaders gathered, Mr. Bush was facing criticism at home that his multibillion-dollar strategy to fight drug trafficking had been ineffective, with U.S. cities still flooded with ample, cheap supplies.

"We're going to build on the Cartagena meeting," Mr. Bush said. "We're going to get maximum cooperation. We're going to redouble our efforts on the demand side and on the supply side."

Mr. Fujimori said the problem could not be fought by merely cutting off supplies. Asked if Peru needed more U.S. aid, Mr. Fujimori said, "Oh, sure."

Mr. Bush pitched in, "Everybody does — including us."

The meeting expands on the meeting two years ago in Cartagena, Colombia, where Mr. Bush met with the leaders of Colombia, Bolivia and Peru, the principal drug production countries in the hemisphere.

Joining in the two-day meeting in Texas are the presidents of Mexico and Ecuador and the foreign minister of Venezuela. Illegal drug trafficking in those countries has been increasing as the Andean nations cracked down.

The leaders are expected to produce renewed commitments and strategies for halting the flow of drugs to the United States, the chief consumer nation, and helping poor farmers who grow coca leaves for cocaine to convert to other crops.

POLITICS: Another State Hands Bush a Big Setback

(Continued from page 1)

Atlanta, "Duty means that when the call comes, you answer."

"Today the call is not a war in Southeast Asia," Mr. Kerrey said. "It is a war going on right here."

Mr. Kerrey's chief spokesman, Mike McCurry, said he expected the race for the Democratic nomination to evolve quickly into a contest between Mr. Kerrey and Mr. Clinton, a "war of attrition" to accumulate national convention delegates. Asked about Mr. Tsongas, Mr. McCurry said he may remain in the race for delegates but added, "There's a real possibility he is a one-state wonder."

A clear loser on Tuesday night was Mr. Tsongas, the upset winner of the New Hampshire primary. He flopped in his first contested venture outside his native New England. His performance is certain to renew questions about his national appeal.

The other clear loser was Mr. Harkin, who needed a win in South Dakota just as much as Mr. Kerrey did. The Iowa win vowed to continue through next week's contests, but his cash-starved campaign was struggling even before the disappointing results.

With all 1,010 South Dakota precincts tallied, this was the vote:

Democrats	
Kerrey, 23,974	40%
Harkin, 15,153	25%
Clinton, 11,421	19%
Tsongas, 5,756	10%
Brown, 2,304	4%
Republicans	
Bush, 30,948	69%
uncommitted, 15,716	31%

In the race for national convention delegates, Mr. Bush was leading, with 14; five were uncommitted.

Among the Democrats, Mr. Kerrey got seven; Mr. Harkin five, and Mr. Clinton three. (AP, WP, NYT)

GM: Troubled U.S. Carmaker Sees Model in Europe

(Continued from page 1)

closed down a certain number of operations, sold some operations and achieved some innovative work-rule changes," said a GM official. "He also had a very small, lean central-office structure with a much smaller support staff."

GM does not break down its losses on a geographical basis, but James E. Harbour, president of a manufacturing management consulting firm in Troy, Michigan, has estimated the North American loss at \$8.7 billion, using footnotes from the year-end financial statement released Monday and making certain other assumptions about the company's finances. It was Mr. Harbour who estimated the hourly loss figures.

GM said that \$1.8 billion of the \$8.7 billion loss in North America actually was a charge against earnings to cover the cost of closing the 21 plants.

The first plant will be closed in the summer of 1993 and the final closing is scheduled for sometime in 1995.

The real question for GM is whether it can continue to go on losing that kind of money.

"Absolutely not. You can't keep doing that," said Mr. Harbour. "There's no way that anyone can keep doing that and stay in business."

But Mr. Harbour, a frequent critic of GM, does not expect the automaker to go out of business anytime soon. Instead, he expects GM to turn itself around and prosper, saying, "It looks like Stempel finally realizes the magnitude of the problems affecting the company that Roger Smith left him."

Those problems include costly manufacturing and design procedures that critics contend are at the heart of GM's losses.

Maryann Keller, auto analyst at Furness, Selz, Mager, Dietz & Birney, has criticized GM in the past for not having a handle on its costs. She has argued that the company often "had no idea" of exactly how much its costs were to produce a car.

By streamlining its salaried staff and clamping down on executive compensation, Mr. Harbour said, GM can save \$1.7 billion annually in North America.

A further \$2 billion in annual savings could be achieved through

greater efficiencies in assembly operations, particularly reducing work rules and the like, he said, with another \$1 billion a year in new efficiencies from GM's stamping operations.

"GM's major problems are in organization and cost structure," Mr. Harbour said.

However, he said, the company has another potential problem in the form of the United Auto Workers union.

"The great unknown is whether the UAW will stand in the way of GM's efforts to become more productive," Mr. Harbour said. If the UAW cooperates with GM, he said, "Stempel can turn this company around pretty quickly."

But in the meantime, talk is not cheap at GM.

At the rate the meter was running last year, GM racked up a loss of \$1.2 million in the one hour and 10 minutes Mr. Stempel took to announce the record losses and corporate cutbacks.

Duel of Wings Between Jets At N.Y. Airport

The Associated Press

NEW YORK — Two airplanes caught their wings on each other while rolling toward a runway at Kennedy International Airport. About 300 Paris-bound passengers had to wait while the planes were pulled apart, the police said.

"They just touched," a police officer said. "They were hung up on each other a short time."

He said Tuesday that a TWA 747 headed for Paris and an Air France 747 cargo plane were both moving into position for takeoff when the right wing tip of the Air France plane hooked onto the TWA's left wing tip.

Fuel was shifted in each plane to tilt the planes away from one another so they could be moved apart. The planes sustained only minor damage and no one was injured.

The 300 TWA passengers waited on the plane while the two aircraft were separated, then were taken back to the terminal to await another flight.

2 Sons of 'Godfather' Guilty in N.Y. Extortion

NEW YORK — Two men whose father was the model for "The Godfather" in Mario Puzo's bestselling novel pleaded guilty on Wednesday to charges that they controlled trucking in Manhattan's Garment District, and they agreed to get out of the business.

Thomas and Joseph Gambino, 62 and 55 respectively, sons of Carlo Gambino, the founder of the Gambino crime family, also agreed in a surprise plea bargain to pay a \$12 million fine. The plea agreement abruptly cut short their trial in Manhattan criminal court. They were accused of extortion, restraint of trade, larceny and operating a corrupt enterprise.

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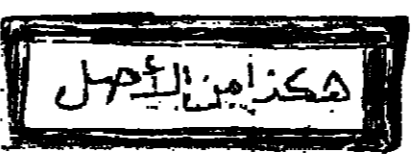
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low rates and it's even more valuable.

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The MCI Friends & Family program. Now available overseas. And you thought that America was the only land of opportunity.

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China Denounces Senate Trade Vote Beijing Warns of Damage To Relationship With U.S.

BEIJING — China on Wednesday angrily rejected a Senate bill that attached conditions to the renewal of Beijing's preferential trade status with the United States...

Murder of Californian Takes Japan-Bashing Beyond Words

By Seth Mydans New York Times Service LOS ANGELES — The stabbing death this week of a Japanese-American businessman who had reportedly been the target of anti-Japanese remarks and a death threat has heightened fears among Japanese-Americans of a spread of racial harassment.

of Asian-American organizations said, anti-Asian bias appears to be taking a more concrete form, from racial comments to vandalism and graffiti, to hate mail and rock-throwing.

Increasingly, Mr. Tokeshi said, Asian-Americans are finding that "it's frightening to think what types of attitudes are out there."

Mr. France said that the motive for the killing of Mr. Kato was still under investigation and that there were no suspects.

But he said his office had received a report last week from Mr. Kato's son, Yoshiyuki, about a death threat to his father.

Quoting from the police report, Mr. France said that two men arrived at Mr. Kato's home on a motorcycle on the evening of Feb. 9, and that one of them approached and knocked on his front door.

"The individual stepped inside the entryway and made a comment to the effect that he was an unemployed American worker and that he lost his job

because of the Japanese and that he wanted money," Mr. France said.

Mr. France said Mr. Kato had apparently been killed between 10 P.M. Sunday and 2 A.M. Monday after returning from a grocery store, and that a hunting knife had been found beside the body on the floor of the garage.

Reacting to the killing, the executive director of the Los Angeles City Human Relations Commission, Ron Wakabayashi, said a disturbing element in recent incidents was that they appeared to have been more premeditated than in the past.

The national director of the Japanese-American Citizens League, Dennis Hayashi, said: "More and more, this Japan-bashing and 'Buy American' movement is manifesting itself not just in simple name-calling but in threats of physical violence."

Fraud

Western Republic when he was young Communist militant...

Honecker Not Seriously Ill

Medical examinations of the German leader...

French Socialists Plunge in Polls

PARIS — Support for France's ruling Socialist Party has plummeted...

91

Vertical text on the left margin, possibly an advertisement or sidebar.



GULF WAR REMEMBERED — In Greensburg, Pennsylvania, families of soldiers killed during the Gulf War cried during the dedication of a monument to them...

In Slaughtering Troops, Rebels Signal to Manila They Are Far From Out

By William Branigan Washington Post Service MANILA — The slaughter of more than 40 soldiers in a guerrilla ambush in the southern Philippines has shocked the government...

Survivors said the rebels, who included boys 12 to 15 years old, systematically executed wounded soldiers with the rank of sergeant and above, beheaded five officers...

The attack also has been something of an embarrassment for Mrs. Aquino, who on Tuesday celebrated the sixth anniversary of taking office in the 1986 "people power" revolt that toppled the corrupt, authoritarian government of President Ferdinand E. Marcos.

The National Democratic Front, a political umbrella group that speaks for the Communist Party, said it would investigate the "so-called atrocities" but said "no evidence of 'savagery' by the New People's Army had been produced."

The ambush illustrated the brutal nature of the Philippines' 23-year guerrilla war, which has claimed thousands of lives and produced widespread human rights violations on both sides.

In a report on the Philippines issued Wednesday, Amnesty International criticized the Aquino government for giving the military "free rein to fight the armed opposition," a practice the group says has led to hundreds of "extrajudicial executions" and spawned "unofficial military and vigilante groups."

The Philippine military rejected the Amnesty International report on Wednesday and accused the hu-

man rights group of ignoring rebel atrocities. Reuters reported from Manila.

[General Abadía called on Amnesty International to explain the purpose of singling out the Philippine military and "turning a blind eye" to the "atrocities" committed by the Communists.]

For the Philippine armed forces, the recent ambush represents the other side of the human rights coin. But besides calling attention to alleged abuses by the New People's Army, the ambush has underscored some widely held criticisms of the military, including poor small-unit tactics, sloppy soldiering and the sale of army weapons to the rebels.

The attack also has been something of an embarrassment for Mrs. Aquino, who on Tuesday celebrated the sixth anniversary of taking office in the 1986 "people power" revolt that toppled the corrupt, authoritarian government of President Ferdinand E. Marcos.

The restoration of democracy by Mrs. Aquino had fostered hopes that the insurgency would fade, and in recent weeks she and military leaders had been claiming virtual victory over it.

General Abadía said last month that the number of New People's Army guerrillas had dropped to about 15,000 from a peak of nearly 26,000 in mid-1988. He forecast that by the end of this year, they would no longer pose a major security problem.

Although the collapse of communism abroad and the institution of democratic reforms here have thrown the rebel leadership into some disarray, Western analysts say the country's insularity, a paucity of government services, continuing poverty and other root causes of rebellion, along with the prospect of chaotic elections in May, have combined to keep the rebels in business.

The New People's Army insurgency "ebbs and flows," a diplomat who monitors it said.

"While it's on the defensive now, it is certainly far from dead," the diplomat said. "I think it will be a fact of life in this country for another decade at least."

2 Die in 2d Shooting At Brooklyn School

NEW YORK — Two students were shot and killed inside Thomas Jefferson High School in Brooklyn on Wednesday and a third student was arrested...

It was the school's second fatal shooting since November. A 17-year-old was shot in the head, and a 16-year-old was shot in the chest...

The documents also fail to reveal whether Chinese leaders were part of any direct planning for the June 25, 1950, attack by Kim Il Sung that began the war.

It is likely, scholars say, that Mao knew of Kim's intentions but not of his timing.

UN Atom Agency Near Pact on North Korea Visit

By Michael Z. Wise Washington Post Service VIENNA — The International Atomic Energy Agency is close to agreement with North Korea on sending experts to visit North Korean nuclear plants...

The agency's board of governors said that it was imperative that inspections begin before June.

Washington's representative, Richard T. Kennedy, urged North Korea to submit an inventory of all its nuclear materials and designs of its plants to the agency before the safeguards accord was ratified.

The accord does not require that such an inventory be submitted until 30 days after the end of the month in which the pact is ratified.

Supreme People's Assembly would ratify the accord in April and that agency inspections could begin in early June.

"There is no possibility that it will be rejected," he said, adding that North Korea would not allow "unilateral pressure" or "interference in our internal affairs to insult our country's sovereignty and national dignity."

The senior agency official said that talks on arranging a visit before ratification are "pretty close to agreement on when and who."

"We're optimistic it could be before April."

The sites to be visited have not been settled, but the official expressed hope that they would include a nuclear complex near Yongbyon, north of Pyongyang.

South Korean officials accused North Korea of stalling for time to build nuclear weapons despite its newly expressed willingness to accept nuclear inspections.

"We understand North Korea is digging tunnels in Yongbyon," Yonhap quoted an official as saying at headquarters of the Joint Chiefs of Staff.

South Korea's assistant foreign minister, Chang Man Soon, said Wednesday, "By June, North Korea will be able to have some weapons-grade plutonium."

North Korea is strengthening defenses of its nuclear plants with tunnels and anti-aircraft weaponry, The Associated Press reported Wednesday from Seoul, quoting local news reports.

U.S. intelligence information shows the number of anti-aircraft gun bases around North Korea's nuclear facilities in Yongbyon has increased recently from 5 to about 40," the South Korean press agency Yonhap quoted a senior military official as saying.

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In Secret Cable, Mao Noted Risk of Invading Korea to Foil U.S. Power

By Seth Faison New York Times Service

NEW YORK — The publication of a secret cable from Mao to Stalin in 1950 has provided the first documentary evidence of the Chinese leader's intentions in his risky decision to enter the Korean War...

The cable is among hundreds of documents that were published in Beijing in 1987 and 1990 as a collection of Mao's 1949-1951 papers.

The documents also offer a glimpse at diplomacy between the Communist giants.

Scholars now assert that after Stalin reneged on his cover and army supplies for the Chinese invasion, originally set for Oct. 15, Mao froze preparations and reassessed China's position, but decided with his Politburo by Oct. 13 to go ahead.

The invasion, by 260,000 Chinese troops, surprised U.S. commanders in Korea and forced them into the greatest retreat in U.S. military history.

At the time the telegram was sent, General Douglas A. MacArthur, the commander of UN forces in Korea, openly doubted China's willingness to enter Korea with an army that was fatigued from years of battle in its own civil war.

The Americans also ignored warning signals sent by Beijing as UN troops advanced north of the 38th Parallel, which had separated the territories under Soviet and U.S. control since the Japanese withdrew in 1945.

Because the Chinese troops moved undetected at the outset, the scope of their military presence was not fully grasped by General MacArthur until late November, when the Chinese began unleashing huge night assaults — sometimes called "human wave" attacks — on the UN forces.

At the time, some policymakers in Washington believed that the Chinese troops had been sent on orders from the Soviet Union, and that Moscow controlled a monolithic Communist Bloc.

Although historians have since learned of the complex antagonism between Mao and Stalin, no documentary evidence has before been seen about what led Mao and his colleagues to their fateful decision.

thinking was sent to Stalin, Chinese soldiers invaded North Korea, where they surprised the U.S. troops who were spearsheading the United Nations effort to protect the South Korean government of Syngman Rhee.

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"Now we really have inside information about decision-making," said Allen S. Whiting, a professor of political science at the University of Arizona, who wrote "China Crosses the Yalu," a 1960 book about China's entry into the war.

Professor Whiting, whose theory that China entered the war out of a feeling of defensive necessity has been borne out in the documents, said he was surprised by the extent to which Mao worried about anti-communist forces within China at the time of the war.

Mao at first hesitated to enter the war, Professor Whiting said, partly because of what he perceived as a threat of lingering opposition to the Communist government set up only a year earlier, in October 1949.

But by late September 1950, Professor Whiting said, Mao became convinced that a significant U.S. presence in Korea might lead to an U.S.-backed offensive by the Communists' enemy, the Nationalists, who had been expelled from the mainland but still posed a threat from Taiwan.

Scholars who have studied the documents warned that they should be viewed with the knowledge that in the past, Chinese papers have often been altered to paint political leaders in a favorable or unfavorable light.

Although the complexity and internal consistency of those documents point to their authenticity, there are other limitations.

"The problem is that they are fragmentary," said Michael Hunt, professor of political science at the University of North Carolina, who is also writing about the documents.

"This is a cable in a series of exchanges between Mao and Stalin. We don't know what's been said so far."

In the Oct. 2 telegram, Mao refers to much-needed assistance from Moscow, Stalin apparently agreed in the following days to provide air cover, but then reversed himself on Oct. 10.

Prime Minister Zhou Enlai went on a secret trip to Moscow to try to persuade Stalin to support the Chinese attack, but was unsuccessful. In a cable to Mr. Zhou on Oct. 13, Mao wrote that China's Politburo had backed the decision to go to war anyway.

The documents also fail to reveal whether Chinese leaders were part of any direct planning for the June 25, 1950, attack by Kim Il Sung that began the war.

It is likely, scholars say, that Mao knew of Kim's intentions but not of his timing.

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INTERNATIONAL Herald Tribune

The Politics of Peace

Voters Will Have a Say

The conventional wisdom attending the Middle East peace talks is that they are going nowhere fast, what with the fresh violence in the region and the opening of long political campaigns in both the United States and Israel.

Bush Should Be Firm

President George Bush, target of repeated primary campaign criticism for convenient flips and flops, deserves respect for sticking to principle on loan guarantees for Israel.

Israel's politics are the crucial scene. To those who feel, as we do, that the American peace initiative offers the Middle East its best chance for peace in decades, it is no shock to see Israel pause to consult its electorate.

A New Olympic Era

Even during the Cold War, the Olympic Games usually provided time out for a thaw. People on both sides of the great divide did not let their differences keep them from liking and sometimes making heroes of, the talented strangers from the other bloc who showed up on their television screens every four years.

Look Up, Europe, the Eastern Frontier Has Opened

By Brian Beedham

LONDON — It is time for Europeans to make an act of imagination. The act is directed toward Europe's east, but it draws upon a similar act of imagination required, not so very long ago, from some ex-Europeans who had gone to live to the west of Europe.

Personal Traits Matter, but So Does a Leader's Political Fitness

By Walter F. Mondale

MINNEAPOLIS — Despite the strong voter turnout in New Hampshire, many people remain deeply dissatisfied with how we Americans select our presidential nominees.

American Statesmanship, Too, Is in a Recession

By William Pfaff

PARIS — The reputation of George Bush as master of foreign affairs is both asset and handicap in his campaign for re-election. It is the thing he is supposed to be good at, but it invites the accusation that he cares little for domestic matters.

farmers moving in to take over the land. Those Europeans who go east will be bankers and managers and technicians and salesmen working on contract, most of whom will head back to their old homes in the west when their jobs are done.

gans claim that the economic difficulties of the United States today are due to its overgenerosity toward others — who are "maintaining out of the Treasury," as Mr. Buchanan says of the International Monetary Fund, the World Bank and foreigners generally.

former Communist world — Poland, Hungary and Czechoslovakia — cannot begin for another four or five years. You had thought that the Community's insistence on "deepening" its institutions before it could venture upon "widening" its membership would have been satisfied by last year's Maastricht agreement on economic and political union?

who know them, Americans have developed a self-nomination system where almost anyone with the ambition can run for president. A candidate is not required to present any test; he or she does not need any organizational base of support; it is not even necessary for him or her to have been elected to office before.

lems, is the better course for the country to take. Internationalization of the American economy will not be halted, but breakdown of the GATT system seems increasingly likely, with the result of producing three more or less protectionist blocs, in the Americas, Asia and Europe.

to respect reality. It must, for instance, live within the laws of economics. It is no good creating a "stabilization fund" for an ex-Communist currency until the government running that currency has brought its money supply under control.

November election. In these circumstances, the mass media become the only forum for dealing with questions of character, personal or political. Voters end up desperately trying to substitute for a nomination process that is incapable of passing judgment on character. Rumors begin to pass for news, and reporters are forced to engage in the psychoanalysis of candidates.

Populist Distractions A certain amount of guff and claptrap is inevitable in a campaign, but the voters this year are saying they want a serious discussion of their substantive concerns by candidates capable of doing what they promise. The "therapy" that Pat Buchanan and Jerry Brown provide as vehicles for pure protest is an expensive indulgence.

Other Comment

No Choice in South Africa

South Africa's white people have no real alternative to President F. W. de Klerk's private map to black majority rule in two years. The dismantling of apartheid cannot be undone.

No Choice in South Africa

Party in an election to fill a vacated parliamentary seat in Potchefstroom, an Afrikaner district that the National Party had held since 1948.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman

The Salvadoran Carnage Was Tolerated, or Worse

By Douglas Farah

BOGOTA — From 1979 to 1985, some 40,000 people were murdered by far-right death squads in El Salvador. Roberto d'Aubuisson, who died last Thursday of cancer, was the most notorious symbol of those death squads.

ican of North Carolina, and Oliver North, at the time an obscure aide on the National Security Council. The Reagan administration claimed not to be able to figure out who was behind the killings.

would be found at one of several gruesome dumping grounds in the country. The Reagan administration claimed not to be able to figure out who was behind the killings.

ish advance on both sides of the Aegean. This movement now covers a front of about seventeen kilometers, and has progressed for a distance of more than three kilometers.

1892: Riot in Berlin

BERLIN — A great meeting of unemployed was held this morning [Feb. 25] in the hall of one of the large beerhouses in the South of Berlin, at which Socialist resolutions were adopted.

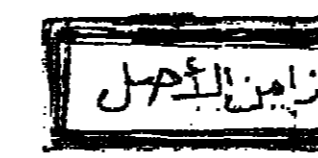
1942: Against the Odds

WASHINGTON — [From our New York edition:] General Douglas MacArthur's forces, in a surprising offensive launched on the face of the overwhelming odds that confront them on the Bataan Peninsula, have driven the Japanese back from many of their positions and are continuing to hammer at the enemy.

1917: From the Front

PARIS — The most important event on the western front continues to be the German withdrawal and the Bri-

Aimless In Lie... SAVE UP... The writer, special correspondent of The Washington Post in Bogota, covered El Salvador from 1985 to 1990.



OPINION

Aimless Sniping at Canada In Lieu of a Serious Policy

By Jim Hoagland

WASHINGTON — What is 2.5 percent among friends? Enough to ignite a nasty trade dispute that undermines Canada's stumbling Conservative government and the chances for a North American free trade area.

Squabbles over Honda Civics take on such importance because there is no big picture.

Canada's national health system and you understand why Prime Minister Brian Mulroney must be wondering what he has done to deserve this treatment by his chums in Washington.

Political Fitness

November election. In these circumstances, the mass media become a useful forum for dealing with questions of character, personal or political.



LETTERS TO THE EDITOR

Yes, Invest in Pakistan

Regarding the report "Trust Us and Invest in Us — Developing States Compete Hard for Western Favor" (Feb. 10):

It seems uncharitable to say that Pakistan "attracted barely a ripple of attention from the hundreds of businessmen and journalists attending the annual World Economic Forum."

Duke Is No Huey Long

Regarding "1932 and 1992: Anger, Ugliness and Opportunism" (Opinion, Feb. 8):

I agree with Leslie H. Gelb that "now, as 60 years ago, intellectual and political categories have broken down."

For Wife and Fatherland

Many commentators imply that it does not matter when a public figure commits adultery. But when a spouse breaks a vow to be faithful for life, it gives some idea about dependability.

Myth America

I think that the French admire women like Jeanne Moreau and Simone Signoret not only for their seasoned beauty, as Joan Collins says (American Topics, Feb. 3), but for their intelligence, wit and professionalism — "character," it is called — much as Americans admire Katharine Hepburn or Helen Hayes.

Philanthropist Drexel

Regarding the report "Drexel's Last Spending Spree — Executives Got Millions in Bonuses Just Before Collapse" (Feb. 13) by Kurt Eichenwald:

When a name draws as much negative attention as Drexel has, it is time to remind readers that Anthony Joseph Drexel (1826-1893) was the antithesis of those who managed to plunder his good name in such a short time.

Phantom of the Opera

Regarding the report "Phantom of the Opera — The Musical's Success" (Feb. 13) by Kurt Eichenwald:

The Phantom of the Opera is a musical that has become a phenomenon. It is a story of a man who is disfigured and lives in a hidden room in the Paris Opera House.

So, Has Young California Turned Old and Cranky?

By Richard Reeves

LOS ANGELES — I did about half a Rip van Winkle on California, coming back to live here again after almost a decade in New York, Washington and Europe. When I left, this seemed a young place, with people ever on the move.

MEANWHILE

accident. I left not too long after state voters had approved Proposition 13, a ballot initiative that was basically a scheme by the people who got here first to preserve their life-style and life savings at the expense of newcomers.

I came back to see that Prop 13, called the Jarvis-Gann initiative when it was approved by voters in 1978, was finally being challenged in the U.S. Supreme Court. The plaintiff in the Nordlinger v. Hahn test case is arguing for simple justice (in legal terms the phrase is "equal protection of the laws"), saying that there is something wrong with laws that make one American pay many times as much in property taxes as the next-door neighbor in an identical house on an identical lot.

That is one of the effects, some intended, some unintended, of Prop 13 after 13 years. The most publicized clause of Prop 13 was that taxes on all homes and businesses in the state were frozen at 1 percent of the assessed value of a property in 1975 — until it was sold, and then the new owner had to pay 1 percent of the purchase price.

Stephanie Nordlinger, a lawyer who bought a home here for \$170,000 in 1988, was paying \$1,700 a year in property tax — 1 percent of the price — when she discovered that the average tax bill of her neighbors in identical houses was \$376. The houses on her street had not been sold or resold over the years, and the owners were paying 1 percent of 1975 prices plus an inflation surcharge capped at 2 percent a year.

Other examples of inequity were more dramatic. The little houses at 923 and 927 Novita Street near the beach in Venice are almost identical, but the assessed value and taxes are not. The owner of 923 Novita, a 727 square-foot (68 square-meter) house that sold last year for \$335,000, pays taxes of \$3,413 a year, while the owner of 927, which has 909 square feet, bought the house in 1959 and pays taxes of \$291 a year.

There is a mansion behind the gates of Bel Air with an estimated market value of \$9 million and an annual tax bill of \$7,850. Outside the gates, a house one-fifth the size on a lot one-tenth the size pays \$8,850 in taxes — \$1,000 more than the mansion.

That is the way it is now, and it is getting worse every day. One effect is the same as the 40-year continuation of rent control in New York City. (It was initiated there in 1945 as an emergency measure when veterans came back to scarce housing.) Rent-controlled or Prop 13-protected, people have no economic incentive — quite the opposite — to leave large apartments and homes after their children are grown and gone. Growing younger families are driven farther and farther away from the jobs at the center of the city or are forced to pay higher and higher prices for housing because so much is being held off the market.

A second unintended effect of Prop 13 was that government, particularly local governments and school districts, have been driven to find or create more and more exotic (and often unfair) ways to raise revenues — user fees and new special purpose government agencies to evade the Jarvis-Gann provisions under which tax increases for existing municipalities and agencies must be approved by referendum with a two-thirds vote.

The final unintended consequence is that California is falling apart. There have been several mini-Jarvises during the Rip van Winkle's 10 years away, spending caps and such that make it more and more difficult to fill potholes — much less to build and maintain freeways, or to maintain what used to be a jewel of democratic governance: California's free education system, from kindergarten through such great schools as the University of California at Berkeley and the University of California at Los Angeles.

Howard Jarvis and Paul Gann are gone now, but the evil they did lives on in the hearts of home owners who resent paying for the education of children after their own are safely grown. There is still a Howard Jarvis Taxpayers Association here, run by a fellow named Joel Fox, who defends the inequities of Prop 13 by saying that he understands why new home owners resent paying higher prices than their neighbors, but that they will feel better in a few years because the next buyer on the block will pay even more than they did.

Nice people! The complaint of Jarvis-loving California home owners in 1978 was that they could not afford to buy their own homes after annual real estate price increases that averaged a booming 30 percent a year until the recession that hit here a year or so ago. That is still true, but what it really means is that they had got rich just by sitting home and not moving during the boom years.

It is amazing to me that no challenge to the fairness of Prop 13 made it to the Supreme Court until now. But when I check back on my years away, it is obvious that California politicians who were legislators and California politicians who were judges did not want to meet either. They were not only afraid of Jarvis and Gann, they were afraid of their ghosts as well.

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Bank of Credit & Commerce International

Statement by the Majority Shareholders

On 20 February 1992 a proposed settlement was initiated by the Majority Shareholders and the liquidators of BCCI. This is the result of months of hard work to secure a fair deal for depositors and creditors following the closure of the bank.

The proposed settlement is the final chapter in the Majority Shareholders' campaign to secure a future for BCCI after they became majority shareholders in April 1990.

Events leading up to the Proposed Settlement

After becoming Majority Shareholders we discovered certain problem loans within the bank. We immediately sought to uncover the extent of the wrongdoing and identify the wrongdoers. We injected substantial amounts of fresh capital and brought about board and management changes including the removal from their posts of the bank's President and its Chief Executive Officer.

Our objectives were very clear; to ensure that the bank should be run properly and that it should operate successfully.

Towards the end of 1990 we produced a restructuring plan which continued to be developed and refined during the first six months of 1991.

At the same time we set up an investigating committee which included BCCI's auditors, Price Waterhouse, and began to discover what is now well known.

BCCI had sustained substantial losses for a number of years which had lain undiscovered. **They were revealed by the investigations instigated by us.**

All these initiatives were taken in co-operation with BCCI's auditors, Price Waterhouse, and the College of Regulators, including the Bank of England, who were kept informed of developments at every stage.

Nevertheless, on 5 July 1991, the Bank of England and other regulators closed the bank without warning and on information supplied secretly by Price Waterhouse in a draft Section 41 report, which contained no allegations of new fraud created within the bank after April 1990.

Since then we have set out to limit the damage caused by the closure. When it became clear that there was no future for the bank we began discussions with the liquidators to devise a plan to improve and speed up the overall return to creditors worldwide.

The Proposed Settlement

These discussions have led to the proposed settlement with the liquidators which when approved by the courts in the UK, Luxembourg and the Cayman Islands and by at least 70% of the creditors would include:

- A very substantial payment by the Majority Shareholders.
- A return to creditors estimated by the liquidators to be 30-40 cents in the dollar.
- The Majority Shareholders taking on responsibility for certain liabilities of the BCCI branches in UAE.

Why this Proposed Settlement is right for depositors and creditors

- The settlement avoids the need for long and expensive litigation in many different jurisdictions.
- The liquidators have estimated that without such a settlement the return to creditors is likely to be less than 10 cents in the dollar and this return would not be made for a number of years, if at all.
- Whereas it is estimated by the liquidators that the proposed settlement will, when implemented, provide depositors and creditors with 30-40 cents in the dollar.

All of this has been undertaken despite the fact that our original plan to restructure the bank was thwarted by the regulators and Price Waterhouse; and that Price Waterhouse's draft Section 41 report contained some very serious and completely unsubstantiated criticisms of the Majority Shareholders; and finally that we, as depositors, as investment clients whose funds have been misappropriated and as shareholders, are the largest losers by far.

After we became majority shareholders we devoted a great deal of time and energy in attempting to restore the reputation of the bank and to place it on a sound footing. Our task was frustrated by the closure of the bank in July 1991. In spite of this we have sought a solution which is fair and just for depositors and other creditors worldwide who, having placed so much innocent trust in the bank, have suffered so greatly.

The Majority Shareholders of the BCCI Group comprise:
the Government of Abu Dhabi, the Abu Dhabi Investment Authority and
the Department of Private Affairs of H.H. Shaikh Zayed bin Sultan al - Nahyan

24 February 1992

NYSE

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	Div	Yield	High	Low	Close	Change
IBM			161 3/8	160 1/4	160 3/4	-1/4
AT&T			46 3/4	46 1/4	46 3/4	
SP500			275 1/2	274 1/4	275 1/4	-1/4
...		

Stock	Div	Yield	High	Low	Close	Change
AMC			42 1/4	42 1/4	42 1/4	
...		

Stock	Div	Yield	High	Low	Close	Change
...		

Stock	Div	Yield	High	Low	Close	Change
...		

Stock	Div	Yield	High	Low	Close	Change
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Stock	Div	Yield	High	Low	Close	Change
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Stock	Div	Yield	High	Low	Close	Change
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Stock	Div	Yield	High	Low	Close	Change
...		

(Continued on Page 14)

NYSE High-Lows

NEW HIGHS	NEW LOWS
Adco	...
...	...

AMEX High-Lows

NEW HIGHS	NEW LOWS
...	...

INTERNATIONAL
Hong Kong
Mom and
H
M
CURRENCY
Cross Rates
Other Dollar Values
Forward Rates
INTEREST
Currency Dep
Key Money Rates

مكاتبنا في القاهرة

INTERNATIONAL MANAGER

Hong Kong Family Firms: Mom and Pop Are Aging

By Laurence Zuckerman
International Herald Tribune

HONG KONG — The family business may be the foundation of capitalism the world over, but in Asia it has a special prominence. According to one estimate, more than 80 percent of the companies listed on the Hong Kong Stock Exchange are controlled by a majority shareholder, usually by a single family.

But as many of these companies enter the world stage, propelled by Asia's spectacular growth, they are faced with the harsh reality that there is no way to run a mom-and-pop multinational corporation.

The key obstacle is a kind of culture shock rooted in the Confucian tradition.

MR. FUNG IS familiar with the dilemma. His grandfather was the founder of Li & Fung, one of Hong Kong's oldest trading houses. When Mr. Fung was a professor at Harvard Business School in the mid-1970s, he would offer advice to his father, who was then running the company. "He just thought I was out in left field all the time," Mr. Fung recalled.

Japan Says 'No, Thanks' to McDonnell

By Steven Brill
International Herald Tribune

TOKYO — Japan's three leading aerospace companies have turned down offers to take a major stake in McDonnell Douglas Corp. because of fears of a political backlash from the United States and doubts over the economic viability of such an investment, industry analysts said on Wednesday.

'They've got all they can chew on right now. But if they had determined the acquisition would have had a bright future, they would have gone ahead.'

Mineko Sasaki-Smith, Crédit Suisse.

McDonnell Douglas, which is based in St. Louis, last year agreed to sell 40 percent of its commercial aircraft operations to Taiwan Aerospace Corp. for \$2 billion. But difficulties have arisen in that agreement and over the past several months McDonnell Douglas has been in discussions with Baring Securities (Japan) Ltd.

Tokyo Opts to Leave Rice Off GATT Wish List

Compiled by Our Staff From Dispatches

TOKYO — Japan decided not to propose a system of tariffs to replace its ban on rice imports, spurring a request by the director-general of the General Agreement on Tariffs and Trade, a senior official said Wednesday.

EC Investigates Dutch Volvo Tie With Mitsubishi

By Charles Goldsmith
International Herald Tribune

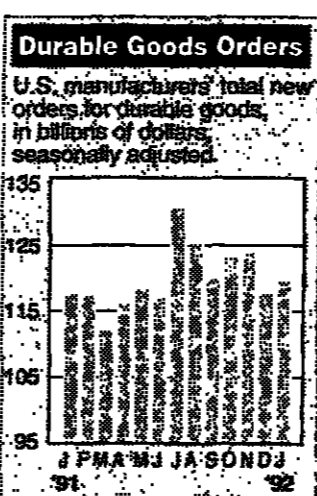
BRUSSELS — Seeking to head off a bidding war among European Community nations for Japanese car investment, the EC Commission on Wednesday opened an investigation into whether the Dutch government illegally enticed Mitsubishi Motors Corp. to invest in an auto firm that now produces Volvos.

Saks Plans \$250 Million Expansion

Compiled by Our Staff From Dispatches

U.S. Orders for Durables Rise

WASHINGTON — U.S. orders for durable goods rose 1.5 percent in January, the Commerce Department announced Wednesday, but some analysts said the report was not a sign of the long-awaited economic upturn.



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CURRENCY RATES

Cross Rates	Feb. 26
Australia	1.52 1/2
Canada	1.00 1/2
Denmark	136.87
France	166.36
Germany	163.65
Italy	2036.00
Japan	164.00
Netherlands	2.20 1/4
New Zealand	1.48 1/4
Spain	166.36
Sweden	136.87
Switzerland	153.48
Taiwan	40.00
UK	1.52 1/2

INTEREST RATES

Eurocurrency Deposits	Feb. 26
1 month	4.00%
3 months	4.00%
6 months	4.00%
1 year	4.00%

Barclays Sees No Relief After '91 Profit Plunge

Compiled by Our Staff From Dispatches

LONDON — Barclays PLC, Britain's largest bank, reported Wednesday a 30 percent drop in profit in 1991, mainly due to bad debt provisions that the group chairman, Sir John Quinlan, said would persist this year.

Institute Sees U.K. Growth Of Only 1.3 Percent in '92

LONDON — A leading economic forecasting institute announced Wednesday a sharp cut in its expectations for 1992 growth in Britain, to 1.3 percent from 2.1 percent.

THE Baring Global Fund Management Co

Shareholders are hereby informed that the Annual General Meeting of February 21st, 1992 has approved the payment of a dividend of USD 0.10 per share for the Baring Global Fund FCP...

LTV Seals Plane Sale But Rival Bid Seen

DALLAS — LTV Corp. said Wednesday it had agreed to sell its aircraft and missile subsidiaries for \$355 million to help it emerge from bankruptcy protection, but a French military electronics firm was said to be preparing a rival bid.

DAIWA CAPITAL - L.G.F. EDMOND DE ROTHSCHILD INTERNATIONAL EQUITY FUND 20, boulevard Emmanuelle Servais L-2535 Luxembourg R.C.S. Luxembourg B 28.616

AUSTRALIA FUND SICAV 2, boulevard Royal, L-2953 LUXEMBOURG R.C. Luxembourg B-24061

ANNUAL GENERAL MEETING of shareholders of AUSTRALIA FUND will be held at the company's registered office, 2, boulevard Royal, L-2953 Luxembourg, on March 16, 1992 at 11:00 a.m. with the following agenda: 1. Submission of the Report of the Board of Directors and of the Auditor; 2. Approval of the Statement of Net Assets and of the Statement of Operations for the year ended as of December 31, 1991; 3. Allocation of the net result; 4. Discharge to the Directors; 5. Statutory Appointments; 6. Miscellaneous.

MARKET DIARY

Treasury Bond Sale Lifts Dow to Record

NEW YORK — Stocks surged Wednesday to another record high on the New York Stock Exchange as soaring Treasury bond prices pushed the Dow Jones industrial average up more than 25 points.

Analysts said the market abruptly reversed Tuesday's 24.59-point loss on the Dow as investors switched aggressively into so-called growth stocks.

Some biotechnology stocks gained after First Boston added five companies to its recommended list.

The Dow climbed 25.49 points to a new high of 3,283.33, just eclipsing the old record of 3,282.42 reached on Feb. 24.

Stocks got their biggest push from the Treasury, where the 30-year benchmark bond was off its highs in late trading but still up 1/32 at 101-24/32.

Profit-Taking Pushes Dollar Broadly Lower

NEW YORK — The dollar finished broadly lower Wednesday on technical selling and profit-taking. Dealers said the U.S. currency rose early in the session on a U.S. economic report showing that durable-goods orders rose modestly in January.

The durable-goods data sent the dollar soaring to 1.6630 DM. Although it recoiled amid profit-taking, it closed at 1.6585.

"It looks like many investors have decided the dollar is on its way up no matter what and are using any setback as an opportunity to buy their way in," said Robin Aspinall.

Later in the day, trading focused on the dollar/yen rate after the U.S. unit approached the key 130 level in Europe.

The dollar finished the day in New York at 1.6458 DM, down from 1.6575 on Tuesday, and at 129.17 yen, down from 129.85.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Madrid, Singapore, Stockholm, Toronto, Zurich, and others. Columns include stock names, prices, and changes.

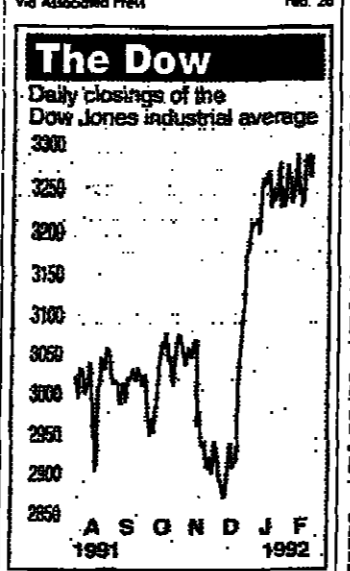


Table of NYSE Most Actives, listing top trading stocks like Intel, Microsoft, and others with their volume and price changes.

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Table of Dow Jones Averages, including Industrial, Composite, and International indices.

Table of NYSE Indexes, including Composite, Industrial, and International indices.

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Table of European Futures, including Food, Metals, and Grains.

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Table of U.S. Futures, including Grains, Metals, and Lumber.

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McCrory Files for Court Protection NEW YORK (AP) — McCrory Corp. filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code on Wednesday.

Wal-Mart Sales Soar Amid Recession BENTONVILLE, Arkansas (Combined Dispatches) — Wal-Mart Stores Inc., the nation's biggest retailer, reported on Wednesday record sales and profits for its 1991-92 financial year.

ITT Weighs Spinoffs to Boost Stock NEW YORK (Reuters) — ITT Corp., the symbol of a major conglomerate for the last 20 years, said Wednesday it may split into smaller pieces to make itself more attractive to investors.

Hewlett-Packard and IBM in Alliance PALO ALTO, California (Reuters) — Hewlett-Packard Co. and International Business Machines Corp. announced on Wednesday an alliance to develop and manufacture fiber-optic components for use in computers and peripherals.

Litton Posts Small Increase in Profit BEVERLY HILLS, California (UPI) — The manufacturing conglomerate Litton Industries Inc. reported Wednesday earnings of \$40.3 million in its second quarter, ended Jan. 31, up 7.4 percent from \$40.3 million in the same period a year earlier.

Exor Is Ordered to Bid for Perrier PARIS — An appeals court refused Wednesday a request by Exor SA and its allies for a delay in an order that Exor launch a bid for the stock it does not already own in Source Perrier SA.

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Table of U.S. Futures, including Grains, Metals, and Lumber.

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Advertisement for 'مكازيم الجمال' (Makazim al-Jamal) featuring a woman's face and text in Arabic.

NASDAQ

Wednesday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Symbol	Price	Change
AAEQ	27.75	+0.25
AAEQ	27.75	+0.25
AAEQ	27.75	+0.25
AAEQ	27.75	+0.25
AAEQ	27.75	+0.25

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EC Fines Aer Lingus For Impeding Midland

BRUSSELS—The EC Commission fined Aer Lingus, the Irish state airline, nearly 750,000 European Currency Units (€931,000) on Wednesday for trying to stop British Midland Airways from breaking its virtual monopoly on flights between London and Dublin. It was the first time that the commission fined an airline for refusing to cooperate with a rival so

Investor's Europe

Exchange	Index	Wednesday Close	Previous Close	% Change
Frankfurt DAX	1790	1737.27	1729.10	+0.47
London FTSE 100 Index	2700	704.28	701.98	+0.33
Paris CAC 40	2000	912.67	908.70	+2.57
Amsterdam CBS Trend	125.40	125.40	126.20	-0.16
Brussels Stock Index	5,834.91	5,842.04	-	-0.12
Frankfurt DAX	1,737.27	1,729.10	-	+0.47
Frankfurt FAZ	704.28	701.98	-	+0.33
Helsinki HEX	912.67	908.70	-	+2.57
London Financial Times 30	2,002.98	1,998.70	-	+0.16
London FTSE 100	2,585.09	2,580.70	-	+0.21
Madrid General Index	261.31	259.59	-	+0.68
Milan MIB	1,068.00	1,067.00	-	+0.09
Paris CAC 40	1,961.31	1,976.52	-	-0.24
Stockholm Avarsvariden	958.51	964.19	-	-0.58
Vienna Stock Index	489.37	497.93	-	-1.72
Zurich SBS	646.00	644.00	-	+0.31

BA and KLM Sue Sabena

BRUSSELS—Sabena SA is being sued by British Airways PLC and KLM Royal Dutch Airlines over money invested in a planned alliance that was scrapped over a year ago. The British and Dutch carriers, not planning a link-up, without Sabena, want to recover 2 billion Belgian francs (\$3.6 million) they invested in Sabena under a planned alliance that was scrapped in 1990. Sabena was due to repay the airlines by Dec. 31. A spokeswoman said Sabena was paying interest on the money. A BA spokesman said "discussions are taking place and as a prudent measure we have initiated legal proceedings in the Belgian law courts to protect our position."

that people with business class or other standard tickets could switch from one airline to another on a specific route. This decision is evidence of the commission's determination to act against airlines holding dominant positions if they attempt to prevent the development or maintenance of competition," said the EC competition commissioner, Sir Leon Brittan.

British Midland has been Aer Lingus's only rival on the London-Dublin route since British Airways stopped flying to Dublin for cost reasons last year.

Aer Lingus violated EC rules on fair competition by terminating decades of cooperation with British Midland when the private British airline started regular flights between London and Dublin in 1989, commission officials said.

The commission could have fined Aer Lingus up to 10 percent of its annual revenue. A spokesman said the fine was lenient because the case had set a precedent for the industry.

The commission also ordered Aer Lingus to start a two-year "interim" deal with British Midland so that passengers could use either airline's tickets to fly with the other and allowing travel agents to sell tickets that could be interchanged. Interlining is a standard but generally voluntary practice in the airline industry.

The commission said the relationship with British Midland would be subject to review after the two-year period.

Family Reclaims Control Of Banco Espirito Santo

LISBON—The Espirito Santo family said Wednesday it had regained control of Banco Espirito Santo & Comercial de Lisboa, which was taken from it by the state after the 1974 leftist revolution.

"The Espirito Santo Group has the absolute control of BESCL," said Ricardo Espirito Santo Salgado.

The group-controlled holding company, Bepsart SA, and the insurance company it also controls, Tranquilidade SA, held 43 percent of the bank's voting stock after Tuesday's sale of the government's remaining 60 percent stake in the bank, which was nationalized in 1975. Its French partner, Credit Agricole, now owns 10 percent, meaning the family controls 53 percent of the voting stock.

Mr. Espirito Santo Salgado said Bepsart had spent 55 billion escudos (\$388 million) and Tranquilidade 10 billion escudos buying back the bank. Bepsart holds 36.7 percent and Tranquilidade 6.3 percent.

"We in the Espirito Santo Group feel great satisfaction at finally achieving the last and most important of the goals we set ourselves in 1975," said Antonio Ricciardi, president of the group's board.

PLANES: Japan Says No

jet carrying up to 800 passengers planned for service a decade from now. British Aerospace also offered joint development of a new 100-seat regional airliner. Officials of Japanese companies said Wednesday that both proposals remained vague, and any conclusion was at least six months off. "It's a question of capital, personnel resources and timing," a Kawasaki Heavy official said.

Analysts said the Japanese aerospace companies were keen to join in projects with the Europeans, but would proceed slowly and carefully so as to avoid antagonizing both Washington and Boeing.

Doing so will not be easy: the Japanese have agreed to seek permission from Boeing before developing an aircraft with more than 100 seats, a spokesman for Mitsubishi Heavy said. "Even if it's fewer than 100 seats, we'd have to confer."

■ Evolving Asian Role

David E. Sanger of The New York Times reported earlier from Singapore: Amid growing suspicions that Taiwan's effort to take a major stake in McDonnell Douglas Corp. might be unraveling, a senior executive of the U.S. company said that it "might well turn out" that other Asian nations would infuse cash into the company and take a role in manufacturing its planes, David E. Sanger of The New York Times reported from Singapore.

The executive, Robert H. Hood Jr., president of the corporation's Douglas Aircraft Co. subsidiary, said that he was still optimistic that Taiwan Aerospace Corp., which was created by the Taiwan government, would raise the \$2 billion required for a 40 percent stake in the commercial aircraft maker.

Originally the deal was supposed to be sealed by Jan. 31, but Mr. Hood said that it might not be completed until "sometime before the end of the year," far longer than company officials had previously indicated.

For several months, McDonnell Douglas has said that it was talking to other sources about taking an additional 9 percent stake in the commercial aircraft side of the business. But on Tuesday, Mr. Hood said those countries might end up taking part of the shares originally intended for Taipei.

"We still do not know what the final deal will look like," Mr. Hood said.

In recent weeks, economics has emerged as a far bigger threat to the deal than politics. There have been widespread reports that a number of Taiwan companies that were expected to invest in the deal have expressed doubts about what they will get out of it in return.

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The Jan. 31 deadline to close the deal passed with both sides saying that they were still examining the other.

Very briefly:

- Alko NV posted its first quarterly earnings rise after seven straight quarters of decline, but it remained cautious about the outlook for 1992: in the fourth quarter, net profit rose to 161.2 million guilders (\$86.5 million) from 155.6 million, but annual earnings fell 12.5 percent.
- Société Nationale Elf Aquitaine is quitting exploration in the United States, Egypt, Spain, Brazil, Australia and China, its chairman said in an interview published in the financial daily Les Echos.
- Banco Santander SA said it was close to a deal to sell its Panamanian unit to Grupo Financiero del Istmo for about 8 billion pesetas (\$77 million).
- Cap Gemini Segret and World Software Group, which is the main shareholder in the Dutch-based Voltac Software, will form a new company called Newco.
- European Community inflation eased to 4.7 percent in January from 4.8 percent rate in December and 5.6 percent in January 1991.
- Norway will host talks between ministers of oil-producing and -consuming countries in July, the second such meeting since a hesitant dialogue began last year between the traditionally opposed camps.
- Böhm & Voss AG, a shipbuilding and engineering subsidiary of Thyssen AG, said it had signed a cooperation accord with General Electric Co. of the United States.

BMW Shares Technology With Rolls

MUNICH—Bayerische Motoren Werke AG said Wednesday it had no interest in acquiring Rolls-Royce Motor Cars Ltd., but was helping introduce new technology to the subsidiary of the British engineering group Vickers PLC.

Following a request from the British luxury carmaker, BMW sent a team of engineers to Rolls-Royce to help it with variety of technical matters, including electrical seat adjustments and electronic gearbox controls, sources at BMW said.

FIDELITY AMERICAN ASSETS N.V.
Registered Office: Schottegatweg-Oost 130
Curacao, Netherlands Antilles

NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Please take notice that the Annual General Assembly of Shareholders of Fidelity American Assets N.V. (the "Corporation") will take place at 2:00 p.m. at Schottegatweg-Oost 130, Curacao, Netherlands Antilles, on March 17, 1992.

The following matters are on the agenda for this Assembly:

- Report of the Management.
- Election of the Managing Directors.
The Chairman of the Management proposes the re-election of all present Managing Directors: Edward C. Johnson 3d, Charles T.M. Collis, Charles A. Fraser, Jean Hamilius, H.F. van den Hoven and AMACO Holdings & Trust Company N.V., and the election of Mr. Barry R.J. Bateman as a new Director.
- Ratification of the appointment by the Managing Directors of Mr. Jean Hamilius as a Managing Director of the Corporation effective December 2, 1991.
- Approval of the balance sheet and profit-and-loss statement for the fiscal year ended November 30, 1991.
- Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders, including declaration of an interim dividend in respect of the fiscal year ended November 30, 1991 and authorization of the Managing Directors to declare additional dividends in respect of fiscal 1991 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
- Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.
- Consideration of such other business as may properly come before the Assembly.

Approval of each item of the Agenda will require the affirmative vote of a majority of the votes cast at the Assembly.

Holders of registered shares may vote by proxy by mailing a form of registered shareholder proxy which will be sent to them by the Fund's transfer agent, Fidelity Investments (C.I.) Limited. Registered shareholders may also obtain a form of registered shareholder proxy from the institutions listed below.

*Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares to the Corporation at the following address:

Fidelity American Assets N.V.
c/o AMACO Holdings & Trust Company N.V.
Post Office Box 3141
Curacao
NETHERLANDS ANTILLES.

Bearer shareholders may obtain a form of bearer shareholder proxy and certificate of deposit from the following institutions:

Fidelity Investments Luxembourg S.A. Kansallis House, 3rd Floor Place de L'Etoile Boite Postale 2174 L-1021 Luxembourg	Fidelity Investments (C.I.) Limited 40 Esplanade St. Helier, Jersey CHANNEL ISLANDS
Fidelity Investments International Oakhill House 130 Tonbridge Road Hildenborough Kent TN11 9DZ, ENGLAND	Fidelity International Limited P.O. Box HM 670 Hamilton HM CX, Bermuda

Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at Schottegatweg-Oost 130, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 1:00 p.m. on March 17, 1992, in order to be voted at the Assembly.

BY ORDER OF THE MANAGEMENT, CHARLES T.M. COLLIS, SECRETARY

AMEX

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: High, Low, Stock, Div, Yld, PE, etc. Lists various stocks and their market performance.

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1992

The World's Rendezvous with Europe

The IHT is now inviting concerned international companies to sponsor its highly-regarded 1992 series, which will begin its 5th year in 1992 with seven new sections. Past sponsors of this series have included:

- ABB
AEROSPATIALE
ALCATEL
ALLIANZ
DIGITAL
EUROPAGES
FRANCE TELECOM INTERNATIONAL
GOLDSTAR
NOKIA
RHONE-POULENC
SABENA
TOSHIBA
WESTDEUTSCHE LANDESBANK
WORLD TRADE CENTER

For more information about participating as a sponsor for this widely-read series, please call Juanita Caspari in Paris at (33-1) 46 37 93 76, or call your local IHT representative.

Herald Tribune

NYSE
Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: High, Low, Stock, Div, Yld, PE, etc. Lists various stocks and their market performance.

ESCORTS & GUIDES
BELLE EPOCH THE ESCORT SERVICE
LONDON 071 483 2561
MERCEDES V.I.P. ESCORT AGENCY
WESTMINSTER 7 DAYS MAJOR CREDIT CARDS ACCEPTED

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

Table with columns: ESCORTS & GUIDES, listing various services and contact information.

CHECK THE IHT WEEKLY CLASSIFIED SECTIONS FOR ALL YOUR SERVICE NEEDS
Inside Pages
Education Directory, Tuesdays;
Business Message Center, Commercial Real Estate, Wednesdays;
Informational Markings, Thursdays;
Real Estate Markings, Fridays;
Arts & Antiques, Auction Sales, Saturdays.
Back Page
Societal Position, Tuesdays;
Automobile Market, Wednesdays;
Holidays and Travel, Fridays;
Friendships, Saturdays.

Austr... Keating...
Daimler

كنايمان العرب

ASIA/PACIFIC

Australia: Spending to Save

Keating Plan Cuts Taxes, Aims to Draw Investment

Canberra — Australia's new prime minister, Paul Keating, announced Wednesday a package of economic changes and spending measures aimed at ending the country's recession and saving his political career by creating jobs, cutting taxes and boosting investment.

The plan would ease restrictions on foreign banks and overseas investors. And in a bid to make the country more internationally competitive, it would further deregulate the aviation industry, and change the business tax and depreciation rules.

Mr. Keating, who ousted Bob Hawke last December, presented the most radical package of measures since the Labor government took office nine years ago. "Our program will do more than speed our recovery from recession," he told Parliament, "it will build the Australia of the future."

Daimaru Cuts 200 Melbourne Jobs

MELBOURNE — Six months after opening a shop in a department store here, the Japanese chain Daimaru has dismissed 15 percent of the workers at the store.

Daimaru said the layoffs of 200 of the 1,300 workers were required because the economy of the state of Victoria had not recovered as anticipated.

But a union representing store workers said the company had simply miscalculated, hiring too many people. The job cuts were announced on the eve of the economic statement by Prime Minister Paul Keating, aimed at reviving the Australian economy and creating job opportunities.

China-U.S. Trade Talks To Japan Economic Ills

Trade Talks End Mixed

TOKYO — In more bad news for the Japanese economy, the Ministry of International Trade and Industry reported Wednesday that industrial production in January fell 0.8 percent from the previous month and 4 percent from a year earlier, while yet another electronics concern, Mitsubishi Electric Corp., slashed its profit forecast.

The announcements came a day after the Economic Planning Agency admitted in its monthly economic report that Japan's economic slowdown had "gained momentum."

The usually upbeat agency also avoided using the word "expansion" in the report for the first time since September 1987. The month-to-month fall in MITI's index of mining and manufacturing was short of the 1.3 percent decline in December. But on a year-to-year basis, the contraction marked an acceleration from the previous month, when the index fell 1.9 percent.

New Managers For Mitsubishi

TOKYO — Mitsubishi Corp. announced Wednesday its first big management shake-up in five years, naming a new president with extensive experience in the United States and Britain.

The company said directors had decided to appoint its senior managing director, Minoru Makihara, to replace the president, Shinroku Morohashi, in June. Mr. Morohashi was appointed chairman to replace Yoshi Minura.

Mr. Makihara, 61, has been president of Mitsubishi International Corp. in New York for almost five years and has spent almost 20 years either working or studying in the United States and Britain.

Reckoning for India State Industries

NEW DELHI — Finance Minister Manmohan Singh yielded on Wednesday to opposition party protests and disclosed a letter he wrote to the World Bank outlining plans to shut down unviable state industries.

Mr. Singh promised in the letter "to formulate an action program to initiate restructuring and closure procedures for units in the public sector that are patently unviable by May 1992."

He said an average of 30 billion rupees (\$1.17 billion) in annual budget allocations had been provided to enterprises owned by the government. Despite that, 135 of the 244 companies posted losses in 1989-90.

Investor's Asia

Table with columns for Hong Kong (Hang Seng), Singapore (Straits Times), and Tokyo (Nikkei 225). It includes a line graph showing index trends from 1989 to 1992 and a table of exchange rates and index values.

Very briefly:

- Japan's Ministry of Finance said it would investigate sales of securities at above market prices, with the promise to repurchase them at the same price plus interest.
Asahi Glass Co. of Japan, one of the world's leading glassmakers, said group net profit fell 20.6 percent to 37.7 billion yen (\$291.7 million) in calendar 1991.
Drought will continue to hurt Australia's sugar crop, cane growers said, forecasting production of 3.2 million tons in 1992-93.
Victor Co. of Japan said it would launch in April a \$2,800 yen player developed with Sega Enterprises Ltd., with audio and visual compact-disc functions, including video games and karaoke performances.

Large table titled 'INTERNATIONAL FUNDS' containing numerous fund names, their categories, and performance data. Includes sub-sections for 'ASIA/PACIFIC' and 'OTHER FUNDS'.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.

SPORTS

Nintendo Age of Tennis? Some See a Frankenstein

By Robin Finn
New York Times Service

NEW YORK — After a querulous semifinal outing recently in Chicago, where she later made history by securing her 15th title, Martina Navratilova roused the outbursts that tennis professionals often direct at the lineperson who passes judgment on their shots.

"Until you have robots instead of players, these arguments are going to happen," she said, strutting.

Actually, there's a more realistic technological innovation at hand — one that could cause linepersons to go the way of the tennis white ball — and it's already pitting traditionalists against computer-programmed perfectionists.

The alternate solution to player-lineperson flaps is one in which robot surrogates don't hit the balls but do call the lines. The system made its debut in semiprofessional last week at the U.S. Pro Indoor in Philadelphia.

Unbeknownst to most players and linepersons there, because it was buried beneath the Supreme court surface, the Sensor Courts system was tested by the ATP tour.

It was the first time that the invention, which uses a digital pattern recognition system to track the bounce of a ball, had been activated under tournament conditions.

The dubious charms of Nintendo-style tennis, where the computer won't make a peep in the umpire's ear unless the player's shot is out of bounds, has arrived at a projected cost of approximately \$35,000 per court per event. According to the Sensor Courts brochure, it even has the unofficial blessing of John McEnroe, an expert on linesmen's foibles.

That doesn't mean it will be seen again soon. The system may be ready, but as yet no other tournament has agreed to use it, the ATP's board has not approved it and the women's tour has yet to agree even to a pilot program for a year away from regular usage.

In Philadelphia, linepersons and chair umpires made the calls, but behind the scenes, a computer was doing the same job. According to the computer, which supposedly is 99.9 percent correct, its human counterparts were on the money with 92 to 93 percent of their calls — not bad for the naked eye.

According to one of the system's developers, Russ Kussack, as well as several umpires, Sensor Courts performed like a pro.

Unlike an Israeli system that applies the technique of Scout missile tracking to tennis but isn't ready for the courts, this Florida-based version is installation-compatible with any hard court.

Unlike an Australian competitor that traces the lines of the court with an electromagnetic field and responds only to specially designed tennis balls, Sensor Courts uses normal balls.

"Just pop open a can and flip the switch," said Kussack. "Not one of the umpires has objected to it. They come down from the chair after a match and ask us how they did."

Kussack was allowed to tout his product to the media, but players were forbidden by ATP Tour officials in Philadelphia to observe the system. The court-side monitoring of the line-calling device was carried out with such discretion that semifinalist Brad Gilbert said, "I thought the person with the headphones in the front row was listening to tunes or something."

Gilbert was in favor of a switch to computerized courts, so long as it can be done consistently and economically. But Pete Sampras, apparently a classicist in tennis philosophy as well as form, said that replacing linesmen represented too great a sacrifice.

"I don't want to hurt anyone's feelings," said Sampras, who did little more than raise his eyebrows over suspect calls in the course of winning in Philadelphia, "but I think you'd be giving up a human part of the game for accuracy that isn't really so much better than what we've already got. I don't mind that every call isn't perfect. And I don't know what it would be like to watch John McEnroe on a court with no linespeople. You can't argue with a machine."

Also, any such computerized system can, as of now, be installed only on hard courts and Supreme. Clay and grass aren't conducive to being pinned down by computer technology.

That means players might be asked to play the futuristic way one week and the old-fashioned way the next.

Dana Locoito, an ATP umpire, is no stranger to innovations. His hand-held computer scorecard, a creation that allows umpires to get rid of their pencils and erasers, will be de rigueur on the tour after its formal introduction next month in Key Biscayne, Florida.

Locoito liked Sensor Courts, but he envisioned an obvious drawback: With no linesmen to berate, players will vent their rage on the umpire.

"It's accurate, but it ain't human," said Locoito, "and we've got to assess what it will do to the game as we know it. And how expensive it is, and how will it affect the linespeople if they only work the grass and clay circuit — will they be less sharp because they have less work?"

Kussack admitted, "Maybe I'm optimistic." But he added, "I would say the reality of eliminating linespeople is just two to three years away."

The next test of Sensor Courts, and its peers, will be whether the game of tennis is so broken that it takes a computer to fix it. Ninety-three percent accuracy is no glitch.

PARIS — Jean-Claude Killy, the inspiration behind the Winter Olympics in Albertville, will receive France's highest honor along with the country's three gold medalists, the government's minister of culture and communications, Jack Lang, said Wednesday.

Killy, the former skiing champion and who was co-organizer of the Games, and the gold medalists will receive the Légion d'honneur.

France's five silver medalists will become officers of the national order of merit.

Killy's co-organizer, Michel Barnier, is ineligible for an honor because he is a member of parliament, Lang said.

The opening and closing ceremonies were the biggest hits for French television channels, the rating firm Mediametrie reported.

It said 12.5 million people 6 and older — one-fourth of the national total — watched the opening ceremony. That constituted a record 75 percent share of all those watching TV at the time. The closing ceremony attracted an estimated 16 million viewers, a 70 percent share; in contrast, the prime time broadcast of the women's figure skating finals got 61.5 percent.



Jim Abbott, a bored Angel now, will win the Cy Young award.

Pssst! 12 Sure Things! Honest! '92 Baseball Season Revealed

By Thomas Boswell
Washington Post Service

WASHINGTON — Baseball isn't the game of surprises. In the last 15 years it has become the sport of incredulous shock. So each spring, we make brave little prophecies and each year they look pathetically timid in hindsight.

To be in tune with baseball, you have to predict that old Nolan Ryan will pitch seven no-hitters or that Cecil Fielder will return from Japan to hit 51 home runs. You have to think a rookie like Mark McGwire will hit 49 homers or that last-place Atlanta and Minnesota will meet in the World Series.

If you think small, you're not in the game. That's why baseball fans have to spend February getting their brains in shape.

Fitters and catchers report early, but so do we. So, for us, February is full of sunshine, even on the dreary days. We can comb "The Elias Analyst," "The Great American Baseball Stat Book" and "The Scouting Report." The mountains of statistics that inundate baseball during the season are 99 percent junk food. But the stuff that's out now, summarizing the entire previous season, is flint mignon. Finally we have the data to think for ourselves — or to mislead ourselves more spectacularly.

So, to kick off the season, 12 ridiculous predictions that have sane bases in fact.

Either Albert Belle or Kevin Mitchell will hit 50 home runs.

Belle had 28 homers in 461 at-bats last year — only eight in Cleveland's vast park. Now the Indians have moved the fences in to normal depth. If Belle has 600 at-bats, watch out.

Mitchell had 27 homers in 371 at-bats last year, 18 of them on the road. Candlestick Park, with its left-to-right gates, killed him. In Seattle's tiny Kingdome, he'll do the killing.

Jim Abbott will win the Cy Young Award.

Abbott finished 1991 on an 18-7 run. It seems he can learn to do anything. Told he couldn't pitch, he led the league in chances. Told he couldn't hold runners, he had one of the better marks against thieves (14 of 26 failed). His remaining flaw is that lefties hit him 50 points better than righties. He'll fix that, too.

The Twins and Braves are history.

Without Jack Morris, Minnesota has no ace and will finish under 500. Scott Erickson, who got huge run support, ended 1991 with a sore elbow. Poor starting pitching equals no magic chemistry. Only new left fielder Pedro Munoz will shine.

ATLANTA GOT six career years, including those of Cy Young winner Tom Glavine and most valuable player Tom Pendleton — who will fade badly. Slow, injury-prone David Justice can't carry a team. Still, someday soon, with Chipper Jones at shortstop, slugger Ryan Klesko and reliever Mark Wohlers, the Braves will win a Series.

Frank Thomas of the Chicago White Sox, already the best hitter in baseball after one full season, will prove he's the first player worthy of comparison to the young Ted Williams. Thomas, 23, saw more pitches

(3,015) than any batter last year. He mashes the ball to all fields — 28 percent to left, 35 to center, 37 to right. He's a monster in his home park, slugging .708 at home and .411 on the road; he's hitting .376 against left-handers. What if he starts to hit well against righties on the road?

Robben Sierra will make everybody realize he's the reincarnation of Roberto Clemente — except Sierra's a much better hitter. Over the past five years, the overlooked Ranger is baseball's best in extra-base hits and second in runs batted in and total bases. Sierra, 26, is six months older than the more praised Justice yet has 993 hits to his 245 and 586 RBIs to Justice's 168. We may be talking about a switch-hitting all-time great hidden deep in the heart of Texas.

Either Cleveland or Baltimore, the worst teams in the American League, will battle for the East flag. The Indians, the worst hitting team of '91, could contend because of their hitting, and the Orioles, the worst pitching team of '91, because of their pitching.

Cleveland's infant infield of Reggie Jefferson, Carlos Beerra, Mark Lewis and Jim Thome is a kind of around-the-horn consensus of hot prospects. Beerra will be a sensation. Catcher Sandy Alomar? Come-back player of the year.

THE ORIOLLES' pitching could explode, either way. Mike Mussina will be the Steve Avery of '92. If Ben McDonald stops winking out and pitches inside to righties (who hit .313 against him), he alone will transform the Cleveland or Baltimore, the worst teams in the American League, will battle for the East flag. The Indians, the worst hitting team of '91, could contend because of their hitting, and the Orioles, the worst pitching team of '91, because of their pitching.

Vantage Point

Légion d'Honneur for Killy

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Title Beckoning, Tomba Speeds Up

MILAN — Following a family "summit," triple Olympic champion Alberto Tomba has decided to compete in Sunday's super-giant slalom in Morioka, Japan, to keep alive his chances of winning the World Cup overall title.

Depending on how he does in Sunday's race, Tomba will decide whether to enter the next super-G in Penticton, Canada, his agent said.

Tomba's parents have opposed his competing in speed races — and he did not enter any in the last three seasons — after he broke a collar bone in a spill in a super-G in Val D'Isere, France.

BOOKS

BILLIE DYER AND OTHER STORIES

By William Maxwell, 117 pages, \$18. Alfred A. Knopf Inc., 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Michiko Kakutani

THOUGH William Maxwell's latest book, "Billie Dyer and Other Stories," reads like fiction, it is actually a series of interlinked autobiographical musings, enlivened by the author's use of imaginative sympathy and projection.

It is a technique already used to powerful effect by Maxwell in "So Long, See You Tomorrow" (1980) and "Ancestors: A Family History" (1971).

The essential facts and emotional touchstones of Maxwell's life that are presented in "Billie Dyer" will also be familiar to followers of his earlier work. Once again we are introduced to a version of his earlier self, a lonely, introspective boy who loses his mother at the age of 10 and who must learn to cope with his father's decision to renounce and move to Chicago. Again we listen as he tries, years later, to come to terms with the sins committed in his youth. Again we are drawn into the world of a small, Midwestern town in the early years of this century.

As depicted in "Billie Dyer," Lincoln, Illinois, emerges as one of those small towns where everyone knows everyone else, where people are known by the church they attend, where young boys aspire to become Eagle Scouts.

It is a town where a handful of people have been to Chicago or even New York but know Europe only through the curios collected in their living-room cabinets.

"Until the elm blight reduced it in a few months to nakedness," Maxwell writes of Lincoln, "it was a pretty late-Victorian and turn-of-the-century town of 12,000 inhabitants. It had coal mines but no factories of any size."

"Downtown" was, and still is, the courthouse square and stores that after a block or two in every direction give way to grass and houses. Which in turn give way to dark green or yellowing fields that stretch all the way to the edge of the sky.

Though life in Lincoln might appear quiet and uneventful to the outsider, Maxwell reveals just how fraught it was with drama, crisis and everyday sadness and grief. He recounts how his Uncle Ted, the black sheep of the family, who forged checks from family members, lost his arm in a car accident, lost all his money in a rental library scheme and ended his days impoverished.

"My father," he tells his older brother, had a fearless, rambunctious child, had his leg amputated after the family doctor botched a simple operation to set a broken bone. And he introduces the first woman he ever loved, Vera Brown, his fifth-grade teacher, who died at the age of 23 from tuberculosis.

Maxwell writes as both the young boy, who saw the town of Lincoln as "the Earthly Paradise, the apple that Eve pre-

vailed upon Adam to eat being as yet an abstraction, and therefore to all intents and purposes still on the tree," and as an older writer, looking back with nostalgia, regret and longing for his vanished youth.

"The view after 70 is breathtaking," he writes. "What is lacking is someone, anyone, of the older generation to whom you can turn when you want to satisfy your curiosity about some detail of the landscape of the past. There is no longer any older generation. You have become it, while your mind was mostly on other matters."

If "Billie Dyer and Other Stories" is Chekhovian in tone, however, it is Proustian in method, circling around and around incidents in the past, amplifying them with imagined details and retrospective meditations. As a result, the book opens up to become an elegy for lost youth and a vanished America while at the same time remaining grounded in the specifics of a time and place.

So gracefully and intelligently does Maxwell write that the reader doesn't really mind that this volume is a variation worked on autobiographical material that's been orchestrated before. To the newcomer, "Billie Dyer" serves as an eloquent introduction to this gifted writer's work. To his longtime followers, it is a deft and moving reprise.

Michiko Kakutani is on the staff of the New York Times.

BRIDGE

By Alan Truscott

EVERY beginner learns, or should learn, a simple rule: As declarer in a trump contract look for an opportunity to ruff something in the dummy. But the chance may be very hard to spot, as was the case on the diagrammed deal from a rubber bridge game.

The bidding followed a sensible track to five clubs, on hands that would make six clubs on a good day. In a slam South would have no choice. He would cash the club ace and continue with the six, hoping for a favorable trump situation combined with a normal diamond split. This might seem the right play in five clubs, but it was not. The declarer was Paul Oriet of Kansas City, Missouri, and he demonstrated that the right play is to test diamonds before touching trumps.

He won the opening spade lead with the ace, and played two top diamonds. If these had lived he would have worked on trumps, but as it was, West ruffed the second round and continued with the spade queen. Now South was able to ruff, cash the club ace and revert to diamonds. West scored his trump winner whenever he chose, but the club six was available to ruff the fourth round of diamonds and establish the fifth.

NORTH
 ♠ AK8
 ♥ 7542
 ♦ 108
 ♣ A9

EAST
 ♠ 1052
 ♥ Q98
 ♦ J1092
 ♣ J

SOUTH (D)
 ♠ AKQ83
 ♥ 987532

North and South were vulnerable.

The bidding:
 South West North East
 1 ♠ Pass 1 NT Pass
 2 ♣ Pass 2 NT Pass
 3 ♣ Pass 3 NT Pass

West led the spade king.

PEANUTS



BEETLE BAILEY



CALVIN AND HOBBS



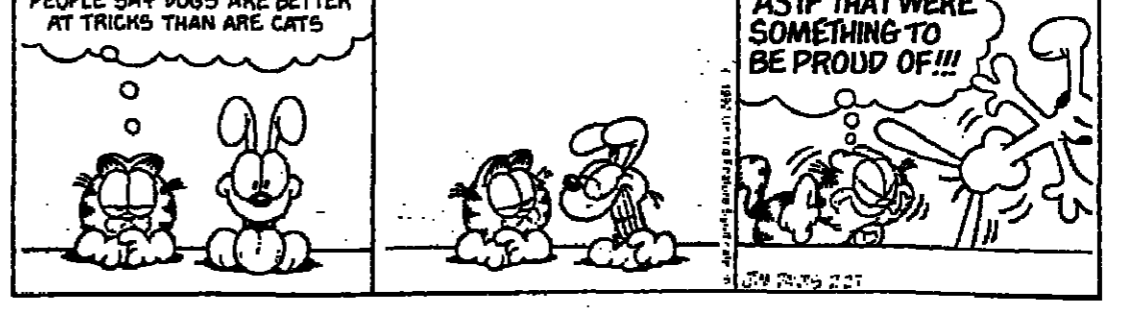
WIZARD OF ID



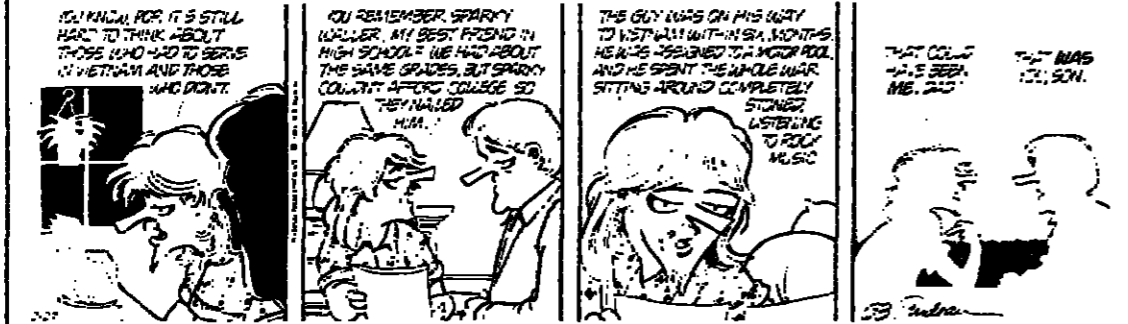
REX MORGAN



GARFIELD



DOONESBURY



DENNIS THE MENACE



JUMBLE

Unscramble these four jumbles. One letter's each square, to form four ordinary words.

POANI
 RYPAH
 STEEWF
 FEWURC

Answers here: YOU

BLONDIE



SPORTS

CRICKET

South Africa, Back With a Bang, Stumps Defending Champions



The South Africans began their celebration when opener David Boon was run out for 27; it would prove to be Australia's top score.

Compiled by Our Staff From Despatches
SYDNEY — South Africa made a stunning return to the world stage of international cricket Wednesday night, defeating defending champions Australia by nine wickets in a World Cup match.

The South Africans returned to international cricket only late last year, after a 21-year absence because of its policy of apartheid, and did not play in the four previous World Cup tournaments.

Pitt Hope Rallies Against U Conn

The Associated Press
PITTSBURGH — A few weeks ago, the game figured to affect the Big East Conference race.

NBA's Golden State: No Flash in the Pan

By Anthony Cotton
Washington Post Service
WASHINGTON — At first glance, the inclination to dismiss the Golden State Warriors as one of the latest sports fads, kind of like Andre Agassi and the Buffalo Bills — sure, they're fun to watch, but will they ever win the big one?

It's fitting that Nelson is the leader of this motley crew. Although he's won 701 games, just seven away from eighth place on the league's all-time list, and is one of only five coaches in NBA history — with Red Auerbach, Pat Riley, K.C. Jones and Billy Cunningham — to be more than 200 games over 500, Nelson has a reputation as a "gimmick" coach, whose isolations on offense and disguised zone defenses can cause havoc during the regular season but are easily solved in the playoffs.

SCOREBOARD

Table with columns for Basketball, Hockey, and Baseball. Includes NBA Standings (Eastern, Central, Western Conferences) and Major College Scores.

Table with columns for Hockey. Includes NHL Standings (Wales Conference, Campbell Conference, Norris Division, Smythe Division, Patrick Division, Adams Division) and Tuesday's Results.

Table with columns for World Cup (Baseball, Soccer, Basketball, Football) and Sidelines (Baseball, Soccer, Basketball, Football).

SIDELINES

IAAF Expected to Admit South Africa
JOHANNESBURG (AP) — South Africa is welcome to return to world track and field competition, Lamine Diack of Senegal, a vice president of the International Amateur Athletics Federation, said Wednesday. He indicated that the IAAF will give South Africa provisional membership at its meeting March 7.

Advertisement for AT&T USADirect. Features the slogan 'Feeling Misunderstood?' and a large grid of international dialing numbers for various countries.

ART BUCHWALD

A White House Slugger

WASHINGTON — It is generally agreed among political experts that Pat Buchanan is the pit bull of the 1992 elections. People did not take him seriously until New Hampshire. Now there is tremendous concern. Buchanan is a street fighter and has spent his life using his fists to get ahead.



Buchwald

Germany to Get Church Treasure

DALLAS — An agreement was finally signed to return the priceless artifacts brought home after World War II by a U.S. soldier to the German church in Quedlinburg that owned them. The soldier's heirs will be paid less than \$1 million for returning the relics and a lawsuit against them will be dropped, said their lawyer, Randall Mathias.

Clayborne Carson and the King Papers

By Carla Hall

PALO ALTO, California — When he was 13 years old, Martin Luther King Jr. stumped his Sunday school class by denying the resurrection of Jesus. In less than a decade, though, he would wrestle with his misgivings about religion and finally answer an incoherent call to the ministry, following a path paved by generations of family members. He was, after all, the son and grandson of Baptist ministers.



Stanford historian Carson stumbled on plagiarism.

"She could have simply hired somebody to come to the King Center in Atlanta and work directly under her supervision. I don't think most people on the outside would have begrudged her that," Carson says.

"I don't think anyone symbolized the black struggle of the '50s and '60s better than King. He acknowledges the awesomeness of the King legend: 'I don't think anyone symbolized the black struggle of the '50s and '60s better than King.'"

Natalie Cole Record Is Big Grammy Winner

Natalie Cole's tribute to her late father, Nat King Cole — including a spliced-together duet with him on his signature song — yielded an "Unforgettable" evening for the singer, winning seven Grammy awards. The 34th annual awards also marked R.E.M.'s long climb from rock's underground to the forefront with three awards, one for best alternative music album.

A harmonious end is in sight in the opera-star war sparked by the tenor José Carreras's exclusion of a fellow Spaniard and tenor, Alfredo Kraus, from the opening concert of the summer Olympic Games.

La Toya Jackson has begun rehearsals for a one-year stint at Paris's celebrated Moulin Rouge night club. Michael Jackson's 36-year-old sister said she had started to learn French in preparation for her March 5 debut singing, dancing and emceeing the revue. Jackson's predecessors as star attraction of the Moulin Rouge include Josephine Baker and Mistinguett.

INTERNATIONAL CLASSIFIED

Today's INTERNATIONAL RECRUITMENT Appears on Page 3

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